



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Cedar City Field Office

176 East DL Sargent Drive

Cedar City, Utah 84720

12/001/045  
**RECEIVED**

JAN 11 2002

DIVISION OF  
OIL, GAS AND MINING

In Reply Refer To:

UT-040

3809: UTU-72232

January 8, 2002

Mr. Tom Munson  
Senior Reclamation Specialist  
Division of Oil, Gas, and Minerals  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84114-5801

Dear Mr. Munson:

This letter is in regard to Gemstone Mining Inc.'s Red Emerald Mine located in the southern Wah Wah Mtns., Beaver County, Utah. The mine site is located entirely on Federally-owned land administered by the BLM Cedar City Field Office. The mine was permitted as a large mine under DOGM rules, file number M/001/045, and as a plan of operations under BLM regulations, file number UTU-72232.

On January 8, 2002, I made a inspection of the reclaimed mine site accompanied by Mr. Clint Christensen, President of Construction and Mining Services (CMS). CMS, as you know, was selected by Gemstone Mining to perform the necessary site reclamation.

The site inspection revealed that the reclamation plan, including all necessary earthwork and re-seeding, has been satisfactorily completed for the mine site area with the exception of the following:

1. The mine access gate is still in place.
2. The mine road from the access gate to the mine office pad is unreclaimed.
3. The mine office pad is unreclaimed.
4. The mine office and storage shed are still in place.

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I will forward you a copy of my inspection report shortly. As you are aware, Red Emerald Inc., the mineral owners of the upper pit area, has submitted a small mine plan of operations to this office to utilize the above noted unreclaimed features as part of plan to resume mine operations in the upper pit area. The reclamation responsibility for these improvements, along with any re-disturbed areas on the mine site will eventually be secured by a reclamation bond as required by the 43 CFR 3809.552 regulations, before the plan is approved. Until that bond is posted, we would request that DOGM retain sufficient funds from GMI's reclamation bond to cover the reclamation cost of the above-named improvements, as well as funds to cover the possibility of site re-seeding.

If you have any questions, feel free to call me at 435-865-3040.

Sincerely,



Ed Ginouves  
Mining Engineer

xc: Mr. Dominique Merz, President GMI, c/o Knightsbridge Asset Management;  
660 Newport Center Drive, Suite 460; Newport Beach, CA 92660-6405

Mr. Clint Christensen, President CMS, 559 N 800 W, #6, Cedar City, UT 84720